

Internal Revenue Service
District Director

Department of the Treasury

Post Office Box 1680, GPO
Brooklyn, NY 11202

Date: FEB 7 1997

Person to Contact:

Contact Telephone Number:

Refer Reply to:

Employer Identification
Number:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on

The nature of the activities to be conducted or the purposes to be promoted or carried out by the corporation are as follows:

To provide qualified and trained individuals to officiate basketball contests. The organization assigns officials to officiate in

Members must be 18 years of age or older and successfully pass the following requirements: (a) Establish satisfactory health and character; and (b) Pass the official International Association of Approved Basketball Officials (IAABO) written exam and practical floor test. The corporation has members. The organization has the following four classes of membership:

Provisional, Active, Dual and IAABO Life. Active, Dual and IAABO Life members are eligible to vote. The members meet times a year.

Your activities consist of providing qualified and trained individuals to officiate basketball contests. You assign officials to officiate basketball contests in. The entity has been performing the activities for approximately fifty years.

The corporation's financial support is derived by assessing each member a percentage of the game fee they receive for officiating each game.

Your disbursements are for expenses attributable directly to your activities of providing and assigning officials, compensation of an officer and other salaries and wages.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 61-170, 1961 - C.B. 112, it is held that an association composed of professional private duty nurses and practical nurses which supports and operates a nurses' registry primarily to afford greater employment opportunities for its members is not entitled to exemption as a business league described in section 501(c)(6) of the Code. Its primary purpose is the operation of a regular business of a kind ordinarily carried on for profit and it is engaged in rendering particular services for individual persons rather than promoting the general business conditions of the nursing profession.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

Since, your organization will be ^{APPROVING} providing and assigning officials to officiate at basketball contests, to further the business interests of officials, rather than the improvement of business condition of one or more lines of business you fail to meet the requirements of section 501(c)(6) of the Code. Your entity basically operates as an employment agency by securing officials to officiate at basketball contests. Thus, it is engaged in a regular business of a kind ordinarily carried on for profit and is rendering particular services for individual persons rather than promoting the general business conditions of those whose profession is that of an official.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

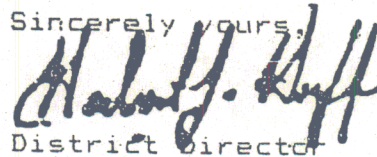
You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Halim J. Kuff", is written over the typed name of the District Director.

District Director

Enclosure: Publication 892